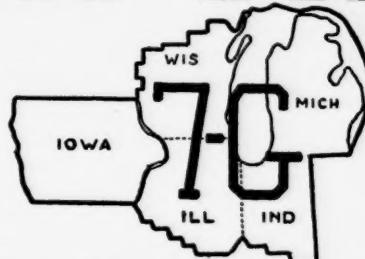


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 10, No. 1

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January 1, 1927

BUSINESS CONDITIONS IN THE UNITED STATES

ACTIVITY in manufacturing industries decreased in November and December, while production of important minerals continued at a high level. Wholesale prices declined to the lowest level in more than two years. Firmer money conditions in December reflected the usual seasonal requirements in connection with holiday and end-of-year activity.

PRODUCTION—Factory employment and payrolls declined in November, reflecting decreased activity in many important industries, but owing to the large output of minerals, the Federal Reserve Board's index of production in basic industries advanced somewhat during the month. Production of bituminous coal and petroleum in recent weeks has exceeded all previous records, and output of copper and zinc during the month of November was in unusually large volume. Pig iron production also increased slightly in November, but steel mill operations in that month and in December were considerably reduced. Automobile production, which is not included in the index of production in basic industries, declined sharply in November for the second consecutive month, and was smaller than in any month since August, 1925. Textile mill activity was maintained during November at approximately the same rate as in October. The value of building contracts awarded showed less than the usual seasonal decline in November, and was slightly larger than in November, 1925. Awards for the first half of December likewise ex-

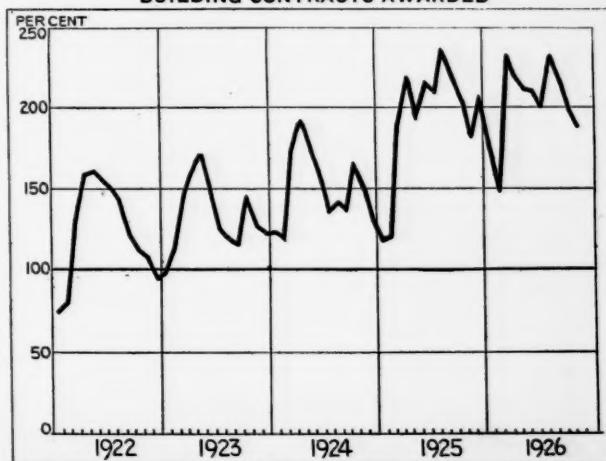
ceeded those reported in the corresponding period of last year.

AGRICULTURE—The Department of Agriculture estimates the value of fifty-five principal crops raised in 1926, on the basis of December 1 farm prices, at \$7,802,000,000, compared with \$8,950,000,000 in 1925. Of the decrease in the value of crops the decline in the value of the cotton crop accounts for \$580,000,000 and that of the corn crop for about \$260,000,000, while the total value of the wheat crop increased by nearly \$40,000,000.

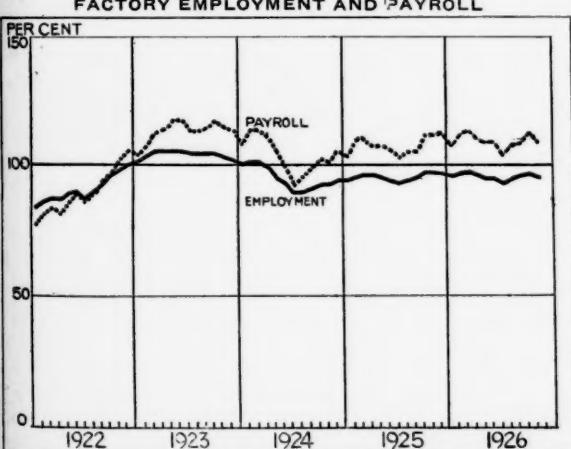
TRADE—In November distribution of merchandise at wholesale and retail showed the usual decline from the activity earlier in the autumn. Compared with a year ago, however, wholesale trade was in about the same volume and retail trade larger. Sales of department stores were about 7 per cent larger than last year, and those of leading mail order houses were 6 per cent larger. Stocks of merchandise carried by wholesale firms declined further in November and were smaller at the end of the month than a year ago. Inventories of department stores, however, increased slightly more than is usual in November. Freight car loadings declined considerably in November and December from the record high levels of October, although the movement of coal continued heavy.

PRICES—The general level of wholesale prices declined in November and prices of many important basic commodities decreased further in the first half of December.

BUILDING CONTRACTS AWARDED



Index of value of building contracts awarded, as reported by the F. W. Dodge Corporation (1919=100). Latest figures, November, 1926: 188.



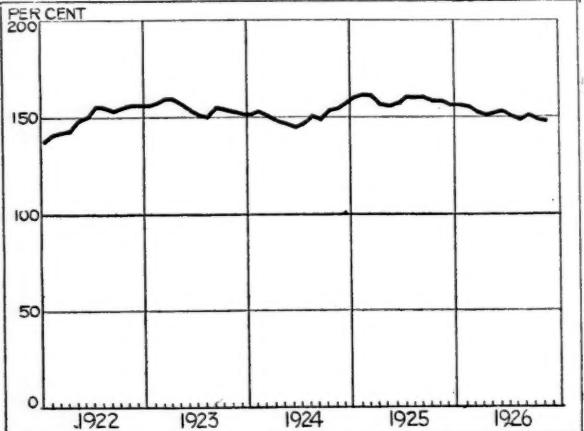
Federal Reserve Board's indexes of factory employment and payroll (1919=100). Latest figures, November, 1926: Employment, 95.2; Payroll, 108.8.

Compiled December 24, 1926

The Bureau of Labor Statistics index of wholesale commodity prices for November was 148, the lowest level since July, 1924. Bituminous coal prices increased sharply during October and the early part of November, but in recent weeks have declined by about two-thirds of the previous rise. Petroleum prices have been reduced since early in November, and there have also been declines in pig iron, copper, zinc, lead, and silver. The fall in prices of agricultural commodities, which has lasted with few interruptions for over a year, continued in November. Grains, however, have risen somewhat since the latter part of that month. The clothing materials and house furnishings groups have declined steadily in price during recent months to the lowest levels of the post-war period.

BANK CREDIT—Loans and investments of member banks in leading cities increased by over \$100,000,000 during

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, November, 1926: 148.1.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

THE trend of business in the Middle West toward the close of 1926 reflected the increasing number of activities that showed recessions. With few exceptions the industries covered by returns to this bank reported a decline during November as compared with the preceding month, and many indicated a lower level than in 1925.

Automobile output and distribution continued to decline; farm machinery production and sales were lowered; the clothing industry operated at reduced schedules; shoe factories showed slackening; and general building was curtailed, with work at cement plants and brick yards slowing down as was the case with the lumber trade, both wholesale and retail. Illinois coal production, on the other hand, was the heaviest for any month this year and in excess of the corresponding period of 1925; specifications for finished steel increased slightly over October; furniture manufacturers reported a gain in aggregate volume of new orders booked, although shipments declined seasonally. Merchandising statistics reflect decreases in wholesale and retail trade from the preceding month, but gains over November, 1925.

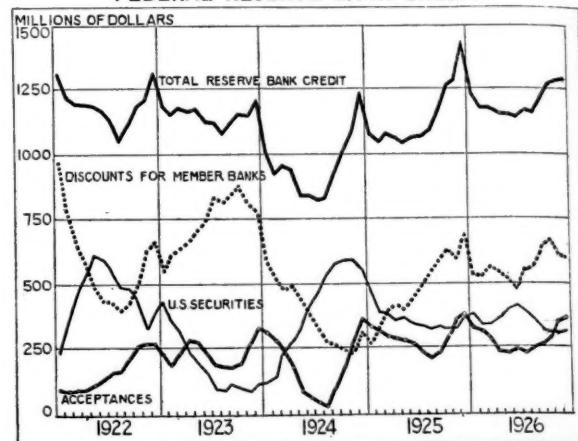
Agricultural sections report the quality of corn affected by excessive moisture this fall and husking in November delayed by wet fields and unfavorable weather; grain and livestock shipments showed the customary change in volume from October; flour and butter production fell off, while the volume of operations at meat packing plants advanced.

To be noted financially are the strengthening in the bond market, the easier rates for commercial paper, the increase

ing the four weeks ending December 15, reflecting in part the growth in the demand for credit and currency that usually occurs in December. The increase was in loans on securities, while commercial loans declined somewhat from their seasonal high point in November.

The volume of reserve bank credit showed the usual seasonal increase after the middle of November, but was lower than in the corresponding period of 1925, partly because there was a smaller increase this year in the amount of money in circulation. Money market conditions became slightly firmer in December than at the end of November. Commercial paper rates were unchanged, but open-market rates on bankers' acceptances advanced by one-eighth of one per cent, and call rates on security loans averaged higher for the month.

FEDERAL RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages for first 21 days in December, 1926: Total Reserve Bank Credit, 1,281 million; Discounts for Member Banks, 603 million; Acceptances, 366 million; U. S. Securities, 309 million.

in savings, and the drop in the volume of check payments and in bankers' acceptances.

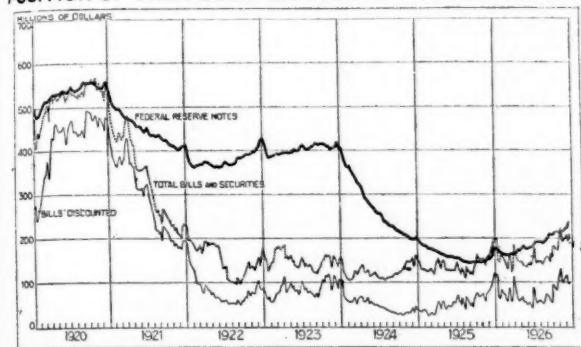
CREDIT CONDITIONS AND MONEY RATES

Demand for banking accommodation throughout the Seventh district has been well maintained, though several reports indicate a tendency to decline toward the end of November. Country banks in some sections are reported as calling on their city correspondents for a slightly heavier volume of accommodation than a month ago. The Chicago money market is in an easy position; rates during the past four weeks have shown a downward tendency, an increasing number of loans passing at the lower figures of the quoted range, though actual quotations, with the exception of a drop of one-half of one per cent on commercial paper, are unchanged from a month ago, viz., commercial paper $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent, collateral loans 5 to $5\frac{1}{4}$ per cent, and customers' over-the-counter accommodation 5 to $5\frac{1}{4}$ per cent. The heavier needs of the public for currency to finance the holiday season, and the requirements of corporations to meet the January 1 interest charges and dividends have been felt in the market, but lessened requirements of merchants and manufacturers with the approach of the inventory season have offset these factors, so that there have been abundant funds to meet all necessities. The average rate earned on loans and discounts by ten of the larger loop banks during the calendar month of November was 5.00 per cent, as against 5.01 in October and 4.90 in November, 1925. In Detroit the prevailing rate on customers' prime loans during the week ended December 15 was $4\frac{1}{2}$ –6 per cent, unchanged from the corresponding week in November, and six of the large

institutions in that city show an average rate earned on loans and discounts of 5.39 per cent in November as against 5.36 in October, and 5.20 per cent in November a year ago.

Loans to member banks of the Federal Reserve Bank of Chicago during the first half of December have been at lower levels than in the month of November, dropping from \$117,470,000 on December 1 to \$99,937,000 December 15, the latter figure, however, representing a slight increase over the preceding week. Total bills and securities, owing to heavier holdings of certificates of indebtedness and of bills bought in the open market, on December 15 showed a distinct gain over the prior week, standing at \$209,731,000 as compared with \$193,269,000 December 8, and \$193,977,000 on November 17, the corresponding reporting date in that month. Federal Reserve notes in circulation continue to increase in volume each week; on December 15 the aggregate was \$236,608,000, more than 5 million above the preceding week, and compared with \$217,285,000 November 17.

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Latest figures, December 15, 1926, in thousands of dollars:
Federal Reserve Notes, 236,608; Total Bills and Securities,
209,731; Bills Discounted, 99,937.

Loans and discounts of reporting member banks in the Seventh district have shown a moderately rising trend since November 10; on December 15 a total of \$2,187,141,000 was reported, whereas \$2,179,472,000 was given as the total on November 17, the corresponding reporting date last month. Chicago reporting members indicate a lowered volume of loans and discounts on stocks and bonds, with a considerably larger amount loaned for commercial purposes on the first two reporting dates of December as compared with the corresponding periods in November; these trends were reversed, however, December 15, on which date loans on stocks and bonds increased 5½ million, and commercial loans dropped approximately 8½ million. Investments have moved downward since early in November; \$747,454,000 was given December 8 and \$766,850,000 November 10 as the aggregate for reporting members in the district; a rise of over 10 million was recorded December 15 over the preceding week. Net demand deposits have fluctuated rather widely from week to week, manifesting a slightly downward movement since mid-November, until December 15 when a gain of nearly 32 million over December 8 brought the figure to \$1,816,274,000, the highest point since the \$1,841,457,000 October 13. Time deposits have changed little in general level since the middle of October; on December 15, \$1,060,681,000 was given, on November 17 an aggregate of \$1,061,272,000, and on October 13, \$1,057,808,000.

Aggregate sales during November by the eleven commercial paper dealers regularly reporting to this bank advanced 0.1 per cent over October, and for the second time this year exceeded the corresponding month in 1925 (0.8

per cent); eight houses registered increases in the first comparison and six in the latter. Rates tended to ease during November, the entire group quoting 4½ for low, whereas a month earlier all but three firms had indicated a higher rate. After December 1 most paper moved at 4½ to 4¾. The volume outstanding on November 30, as reported by five dealers, was 1.6 per cent heavier than at the end of October, but 15.7 per cent below a year ago; outstanding for twenty-six dealers located throughout the country amounted to \$566,000,000.

Purchases in the Chicago open bill market between November 18 and December 15 by six reporting dealers totaled 8.5 per cent more than in the preceding four weeks; the volume of bills bought from acceptors declined, but those from others advanced. Sales in the same comparison increased 18.7 per cent, gains in the volume sold to the Federal Reserve and local banks offsetting declines in sales to out-of-town banks and others. The commodities covered were principally grain, cotton, rubber, sugar, canned goods, tobacco, and coffee. Inter-office transactions involved heavier purchases than in the preceding period, but a drop in sales. Holdings on December 15 were 19.0 per cent higher than on November 18; two dealers reported increases and two declines. Sixty-day and 90-day paper had advanced one-eighth per cent by the middle of December, the offered rates standing at 3½ and 3¾, respectively.

Sixteen reporting banks in this district accepted during November a volume of bills 8.4 per cent in excess of the corresponding month of 1925; in comparison with October, the decline of 31.8 per cent reflects individual decreases by all except four banks. Transactions reported for the first two weeks of December covered principally rubber, coffee, tea, grain, paper, shoes, and cotton. November purchases were nearly twice as heavy as the October total, and sales advanced 28.9 per cent. Total bills held on November 30 exceeded holdings at the close of October by 12.1 per cent, although the volume of the banks' own bills fell off. The liability of the banks as acceptors for acceptances outstanding increased 0.9 per cent during the month to the largest amount since May 31; for the third successive month, this year's volume averaged higher than the corresponding date in 1925. The Federal Reserve Bank of Chicago bought \$26,230,595 in bills during November, and held at the close of the month \$44,449,836.

Agricultural Financing—Nineteen Joint Stock Land banks on November 30 reported aggregate loans outstanding in the five states including the Seventh district as \$213,918,461, a rise of slightly less than \$500,000 over the October 31 total, but of more than 25 million over November 30, 1925. Loans of four Federal Land banks outstanding in the same territory November 30 were \$180,113,731, as against \$178,613,595 October 31, and \$159,799,388 a year ago, while four Federal Intermediate Credit banks with loans and discounts on November 30 amounting to \$991,835, exceeded the figure at the close of the preceding month by nearly 22 thousand, but registered a decline from November 30, 1925, of approximately one million dollars.

Volume of Payment by Check—Checks drawn and cashed during November, as reported by thirty-seven clearing house centers in the Seventh district, fell short of the October aggregate by 7.7 per cent, but were 2.9 per cent in excess of November, 1925. The total for November this year was \$5,492,969,000, as against \$5,951,124,000 in October. The aggregate shown for the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, \$4,591,963,000, compared with \$4,959,317,000 in October, a decrease of 7.4 per cent, and a gain of 3.2 per cent over November, 1925. Thirty-three smaller clearing house centers in November

reported volume of payment by check as \$901,006,000, representing a drop of 9.2 per cent from the October figure of \$991,807,000, and a gain of 1.3 per cent as compared with November, 1925.

Savings—December 1 regular savings deposits for 218 reporting banks in this district exceeded the November 1 figures by 0.9 per cent in amount and 0.2 per cent in number of accounts; individually, two-thirds of the banks registered gains in the first comparison, and about three-fourths in the second; by states, all five showed increases in both. Of 186 banks for which comparable 1925 data are available, the majority reported gains in deposits this year amounting

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Corn husking in the Seventh district, hampered to some extent by wet fields and unfavorable weather conditions in November, by December 1 averaged 55 per cent of completion. By that date, according to reports sent direct to this bank by 146 county agents representing 163,969 farmers, husking in Iowa had progressed 76 per cent, 61 per cent in northern Indiana, 44 per cent in lower Michigan, and 40 and 36 per cent, respectively, in northern Illinois and southern Wisconsin. The crop has suffered a reduction of about 22 per cent in merchantability and 15 per cent in feeding value this fall because of excessive moisture content. The cribs in a number of localities continued to show some moulding and rotting in the corn; the crop has kept more satisfactorily, however, since the beginning of colder weather. Wheat and rye have gone into the winter in fair to good condition, but with the growth of the plants less advanced than usual.

The autumn crop of pigs in this district fell considerably below early expectations and showed a decline of 2.8 per cent from last fall. Hogs of marketable age remaining on farms in the Seventh district totaled 7.2 per cent less for December 1 than a year ago; early marketing this fall to avoid the cholera epidemic together with a small crop of pigs last spring were the principal factors accounting for the reduction. The number of beef cattle in the district aggregated 5.2 per cent under the holdings for December 1, 1925, with recessions the heaviest in Iowa and northern Illinois; dairy herds seem to have remained about on a level with a year ago, an increase in some counties about offsetting the reduction in localities where tuberculin tests were conducted extensively this summer; other cattle holdings declined about 1.5 per cent. The Bureau of Agricultural Economics reports an increase over last autumn in the number of lambs on feed in the states of Michigan, Illinois, and Iowa.

CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of December 1.
(In thousands of bushels)

	SEVENTH DISTRICT		UNITED STATES		5-YR. AV.
	1926	1925	1926	1925	1921-25
Corn	910,389	1,114,871	2,645,031	2,916,961	2,849,189
Oats	496,001	590,838	1,253,739	1,487,550	1,326,916
Wheat	69,715	56,305	832,305	676,429	801,802
Potatoes (white)	61,008	50,703	357,800	323,465	396,469
Tobacco*	35,226	46,116	1,323,388	1,376,628	1,289,699
Onions	5,059†	4,449†	21,215	19,423
Cabbage (commercial)**	172†	186†	982	946

*In thousands of pounds. **In thousands of tons.

†Five states including Seventh district.

Grain Marketing—Wheat and oat receipts and shipments at interior primary markets in the United States showed the customary recession in November from the preceding month, and fell below a year ago and the 1921-25 average for the period. Arrivals of corn failed to equal those for October, while the quantity of reshipments of that grain gained slightly; both items increased over last year and the 1921-25 November average. Visible supplies of wheat, oats, and rye in the United States were smaller, and those for corn and barley were larger on December 1 than a month ago. Chicago quotations for grain averaged lower for

for the district to 1.1 per cent, with Illinois averaging the one decline; the advance of 2.9 per cent in number of accounts reflects gains in each state.

Bonds—The Chicago bond market has strengthened materially during the past few weeks. Prices of practically all classes continued firm or moved to higher levels. Foreign issues, especially German, have been very strong. Investment funds continue plentiful, with demand reported best for high grade issues of outstanding importance and for high rate securities both domestic and foreign. New offerings are readily taken, so that inventories remain in satisfactory condition.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

November than for the preceding month; prices tended to firm during the early part of December. Members of the Chicago Board of Trade contracted for greater quantities of future delivery grain during November than in October, commitments showing an increase in the corn, oats, and rye tonnage and a decline in the volume of wheat from a year ago.

Flour—The volume of flour received at Chicago during November was less than in the preceding month, declining from 1,247,000 barrels to 1,144,000 barrels, according to Chicago Board of Trade figures, while shipments from the city rose from 803,000 barrels for October to 889,000 barrels in November. Both receipts and shipments for November were heavier than in the corresponding month of 1925. Flour mills in the Seventh district reported increased production over a year ago, but a smaller output than in the preceding month.

CHANGES IN NOVEMBER, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	OCTOBER	NOVEMBER	OCTOBER	NOVEMBER
Production (bbls.)	—9.5	+ 4.7	33	33
Stocks of flour at end of month (bbls.)	+7.4	— 4.7	30	30
Stocks of wheat at end of month (bu.)	—2.3	+41.0	30	30
Sales (volume)	—8.6	+12.2	15	15
Sales (value)	—7.9	— 3.3	15	15

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—Marketing of live stock from the corn belt in November comprised unusually heavy supplies of matured weighty steers, large numbers of warmed-up and short-fed cattle, butcher stock in seasonal quantity, and a fair volume of fat lambs. The autumn movement of live stock from the ranges neared completion, however, so that receipts of cattle and lambs at public stock yards in the United States showed the usual recession from October, although they were in excess of a year ago. November marketings of hogs were seasonally greater than for October but remained below the corresponding month of 1925. Hog receipts contained a larger number of light weight animals than earlier in the season.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, November, 1926	308,109	747,254	336,224	120,381
Public Stock Yards in U. S.				
November, 1926	902,671	2,222,498	932,435	423,804
October, 1926	932,928	1,933,249	999,377	423,386
November, 1925	843,791	2,300,426	792,779	388,363

November reshipments of cattle and lambs to feed lots showed a seasonal decline from October but an increase over the corresponding month of 1925.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

WEEK ENDED	DEC. 11	NOV.	OCT.	NOV.
		1926	1926	1925
Native Beef Steers (average)	\$10.50	\$9.85	\$10.20	\$10.15
Fat Cows and Heifers	6.50	6.15	6.10	5.70
Hogs (bulk of sales)	11.75	11.90	12.65	11.25
Yearling Sheep	9.50	10.00	10.20	11.60
Lambs (average)	12.55	13.00	13.55	13.55

Index numbers based on the 1921-25 average, corrected for seasonal fluctuations and compiled by the International

Live Stock Exhibition, show the volume of inspected slaughter in the United States as 97, the price for all live stock as 123, and the total value of the slaughter as 124 for November, compared with similar indices of 95, of 128, and 122, respectively, for October.

Meat Packing—Production at slaughtering establishments in the United States rose in November over the preceding month, the pork section showing a gain which more than offset the recessions in the beef and mutton departments. Payrolls for the last week in the period increased 2.5 per cent in number of employes, but owing to one less working day, declines were shown from October of 6.8 per cent in hours worked and 5.6 per cent in total value. A moderately large quantity of packing-house edible products moved into domestic channels during November, despite the heavy consumption of poultry at this time of the year. The total value of sales billed to domestic and foreign customers by fifty-three meat packing concerns in the United States declined 7.5 per cent from October but increased 8.9 per cent over a year ago. Quotations at Chicago showed rather marked declines from October levels during the first three weeks of November, and then firmed slightly toward the close of the month and early in December. Inventories at packing plants and cold-storage warehouses in the United States aggregated less for December 1 than at the beginning of November, with the decline in dry salt pork and lard stocks more than offsetting the increase shown for other products. All items, with the exception of dry salt pork, were in excess of a year ago, but the total fell below the five-year average for December.

Foreign demand for lard increased toward the middle of November, owing to the recession in prices in the United States, but tended to decline when quotations firmed. England purchased a fair quantity of bacon and

light weight hams during the first two weeks; demand slackened after mid-month, however, owing to heavy importations of bacon from the continent. A majority of meat packing companies in the United States forwarded smaller tonnages of meats and fats in November for export than in the preceding month. Consignment inventories abroad were reported lower on December 1 than at the beginning of the previous period. Prices, as a general rule, continued a little below the United States parity.

Dairy Products—The quantity of butter manufactured in November by sixty-three creameries in the Seventh Federal Reserve district showed a recession of 14.7 per cent from October, but totaled 7.2 per cent larger than for the corresponding period last year. Sales of creamery butter billed to customers by sixty-five companies in the district declined 11.8 per cent in volume from October and increased 7.0 per cent over November, 1925. Receipts of American cheese at Wisconsin primary markets from factories within that state declined 29.8 per cent during the four weeks ended November 27 from the preceding period, and were 18.9 per cent under a year ago; redistribution from those centers fell off 18.1 per cent and 8.0 per cent, respectively, in the two comparisons. Receipts of dairy products at Chicago showed a seasonal recession from October, with arrivals of butter and cheese under a year ago and egg receipts considerably larger. Cold-storage warehouses and packing plants in the United States reported December 1 inventories of dairy products seasonally lower than at the beginning of November. All holdings showed recessions from a year ago; cheese inventories were heavier and stocks of butter and eggs smaller than the 1921-25 December average. Chicago quotations advanced in November for butter and eggs and held steady for cheese in the comparison with October. Prices of butter and eggs tended to ease during the early part of December.

INDUSTRIAL EMPLOYMENT CONDITIONS

Industrial conditions in the Seventh Federal Reserve district were somewhat less favorable during November than for several months previous, a slowing down in activity at industrial plants being accompanied by a corresponding curtailment in the number of men and women employed. According to the State Department of Labor of Illinois, ten out of fourteen cities and thirty-one out of fifty-six industries contributed to the decline in that state. State reports for Wisconsin and Iowa, and direct returns to this bank from Indiana and Michigan plants, also indicate that decreases, while not large in percentage, prevailed throughout all sections of the district. As reflected in returns representing approximately 375,000 workers, the aggregate decline from the previous month amounted to 1.5 per cent.

Most metal industries made reductions, the loss in volume of employment amounting to 0.6 per cent, or about one-third of the cumulative gain of the previous three months. Branches of this industry to register increasing activity were the manufacture of tools and instruments and elec-

trical apparatus. The production of cars and locomotives, and of automobiles, was curtailed considerably. The clothing industry continued to operate on greatly reduced schedules, but knitting mills were busy, adding to their working forces. Work at stone quarries, cement plants, and brick yards slowed down, many losing employment, while glass factories, saw, and planing mills showed no appreciable decline in activity. A recession in the manufacture of chemicals partly offset the increase made by this industry during October. Leather products registered curtailment, a decline in the manufacture of boots and shoes contributing the greater part of this. Employment figures for paper products reflected an increased demand in this industry.

Outdoor work became scarce during the month, as road construction practically ceased for the winter, and general building also fell off perceptibly with the advent of more severe weather. Seasonal requirements were apparent in the figures for wholesale and retail concerns, as well as mail-order houses, the increase in employment for reporting firms amounting to over 12 per cent.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED NOVEMBER 15 1926	WEEK ENDED OCTOBER 15 1926	PER CENT CHANGE	WEEK ENDED NOVEMBER 15 1926	WEEK ENDED OCTOBER 15 1926	PER CENT CHANGE
All groups (10)	375,556	381,379	-1.5	\$9,720,308	\$10,159,608	-4.3
Metal and metal products (other than vehicles)	154,776	155,635	-0.6	3,788,465	3,872,862	-2.2
Vehicles	38,520	40,600	-5.1	1,136,347	1,287,684	-11.8
Textiles and textile products	26,221	26,726	-1.9	561,791	621,013	-9.5
Food and related products	50,816	52,148	-2.6	1,365,059	1,419,206	-3.8
Stone, clay, and glass products	15,457	15,617	-1.0	452,962	478,576	-5.4
Lumber and its products	32,554	32,749	-0.6	824,635	855,251	-3.6
Chemical products	10,156	10,340	-1.8	275,447	287,601	-4.2
Leather products	16,509	16,949	-2.6	356,057	374,920	-5.0
Rubber products	2,988	3,090	-3.3	71,851	73,637	-2.4
Paper and printing	27,559	27,525	+0.1	887,694	888,858	-0.1

COAL

Reports indicate that the activity prevalent in the bituminous coal market of this district in October was well maintained through November, both demand and production continuing heavy. November output from Illinois mines totaled 7,900,478 tons, the largest amount mined in any month this year, and exceeding the October figure by 22.4 per cent and November last year by 20.1 per cent—the first time since June that there has been a gain in the comparison with 1925. Illinois production for November represents the output of 219 mines, employing 69,273 men, for an average of 19.6 days; this compares with 191 mines

in operation during October, an employment of 59,810 men, working for an average of 18.5 days.

United States output of bituminous coal likewise was the heaviest in November of any month so far this year, totaling 59,721,000 tons, compared with 54,592,000 tons in the preceding month and 50,780,000 tons in November a year ago. November distribution of bituminous coal from Lake Erie ports to American lake ports was under October as well as the corresponding month of last year, but for the season through the end of November is in excess of the first eleven months of 1925.

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Passenger automobiles produced in the United States during November totaled 219,479 (Department of Commerce report), representing a recession of 24.0 per cent from the prior month and of 33.2 per cent from November, 1925. Truck production of 36,334 was 15.3 per cent lower than in October and 3.9 per cent less than a year ago.

Data for November show no improvement in automobile distribution in the Middle West. Retail sales have declined steadily for six months, and since September have fallen below a year ago. Distribution at wholesale in November was smaller for the third successive month, and for the fifth month was below the corresponding period of 1925. The number of new and used cars on hand continued to increase, stocks of new automobiles being about 50 per cent heavier than a year ago. Sales made on the deferred payment plan averaged 37.5 per cent of total retail sales by thirty-seven firms reporting the item; the October ratio was 42.8 and that for November, 1925, 38.8 per cent.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in November, 1926, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	OCTOBER 1926	NOVEMBER 1925	OCTOBER 1926	NOVEMBER 1925
New Cars				
Wholesale—				
Number sold	—25.8	—30.4	39	35
Value	—31.1	—36.1	39	35
Retail—				
Number sold	—18.0	—33.0	60	55
Value	—14.4	—23.6	60	55
On hand November 30—				
Number	+ 4.6	+47.1	62	57
Value	+ 2.4	+51.6	62	57
Used cars				
Number sold	—15.9	—2.4	60	55
Salable on hand—				
Number	+10.6	+ 7.3	60	55
Value	+11.4	+ 8.7	60	55

Agricultural Machinery and Equipment—The total value of sales billed to domestic and foreign customers by ninety-seven manufacturers of agricultural machinery and equipment in the United States declined in November compared with October, the only gain being 1.9 per cent for the thresher, tractor, combined harvester-thresher group, while recessions totaled 15.2 per cent for all other (exclusive of barn supplies and pumps), 1.6 per cent for agricultural pumps, and 23.6 per cent for barn equipment. Increases of 4.4 per cent for heavy machinery and declines of 20.0 per cent for the light group and 2.4 per cent for barn equipment were shown from a year ago.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in November, 1926, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	OCTOBER 1926	NOVEMBER 1925	OCTOBER 1926	NOVEMBER 1925
Domestic sales billed	—17.8	—18.8	97	97
Sales billed for export	+25.8	+22.1	48	48
Total sales billed	— 9.9	—11.3	97	97
Production	— 2.8	— 4.4	94	94

Sales based on value. Production computed from average employment during the month.

Iron and Steel Production—Steel mills in the Chicago district report a continuance of satisfactory activity through November. A good demand prevailed for certain products, and specifications were somewhat heavier than in October. Buying of track material has been heavy, as well as inquiries for cars, actual orders for which should be placed within the next sixty days. For the third successive month unfilled orders of the United States Steel Corporation showed a gain at the end of the month, aggregating 3,807,447 tons on November 30, an increase of 123,786 tons over October 31. Ingots production for the United States averaged less in November than in the preceding month or a year ago. Average daily pig iron output increased slightly in the comparison with October and was higher than in November, 1925; in the Illinois and Indiana district the daily average was somewhat less in both comparisons.

Following eight successive weeks of advancement, the composite average price of fourteen iron and steel products, as compiled by *Iron Trade Review*, started to decline slightly on December 1, and on December 15 stood at \$38.22 as compared with the November high of \$38.50 on November 24 and with \$39.10 on December 16 a year ago. Scrap metal prices at Chicago have shown little quotable change since the middle of November.

Production and shipments of iron and steel casting foundries in the Seventh district declined in November from the preceding month and also from a year ago. Stove and furnace manufacturers in the district reported declines from October in shipments and orders booked, but increases in both items in the comparison with November, 1925; production and stocks likewise were less than in the preceding month and exceeded figures of the corresponding period last year.

Shoe Manufacturing, Tanning, and Hides—Shoe factories in the Seventh district operated at a seasonally lower level in November than in October. Shipments fell 3.3 per cent under current production, but both items were in excess of a year ago. Twenty-one companies had sufficient unfilled orders to provide about six weeks' shipments at the present distribution rate. Stock shoes on hand reported for December 1 by twenty-five of the firms were equivalent to 59.7 per cent of the volume of their November shipments.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN NOVEMBER, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	OCTOBER 1926	NOVEMBER 1925	OCTOBER 1926	NOVEMBER 1925
Production			8.3	15.2
Shipments			—16.9	+15.6
Stock shoes on hand			+12.5	—20.9
Unfilled orders			+ 5.7	+ 9.1

Production of leather increased slightly in November over the preceding month, although a large number of tanneries reduced operations. The value of sales billed showed a recession from October but was greater than a

year ago, according to reports sent direct to this bank by representative tanners in the district. Prices remained steady.

The market for calf skins was quiet during the greater part of November, and Chicago sales of packer green hides totaled a little less than for the preceding period. Prices averaged slightly less than in October.

Furniture—Although only a little more than one-third of the firms reported increases, the aggregate volume of orders booked by twenty-six furniture manufacturers in the Seventh district gained 40.6 per cent in November over the preceding month. As compared with the corresponding month of last year and of 1924, total new business fell off 3.3 and 8.0 per cent, respectively, according to the reports of nineteen firms. Shipments in November declined seasonally, averaging 15.4 per cent less than in October, but they were 6.2 per cent heavier than in November a year ago and 26.9 per cent above the corresponding month of 1924. The volume of new business was greater than goods shipped during the month, so that unfilled orders on hand at the end of November amounted to 31.5 per

cent more than on October 31; as compared with November 30 last year, orders not yet filled aggregated 24.9 per cent smaller. Production declined slightly in November from the preceding month and was also somewhat less than a year ago.

Raw Wool and Finished Woolens—The raw wool market for November slowed down materially from October, and was also less active than in November, 1925. Mills have covered immediate requirements, and although there was a slight pick-up in demand around the first of December, no greatly increased activity is anticipated before January, pending the preparation by the mills of their samples for the fall, 1927, season. Neither manufacturers nor dealers are carrying heavy stocks of raw material at the present time. Prices on raw wool have remained fairly steady, but with some tendency toward concessions and with an easing of 1 to 2 cents per pound on other than the fine grades. Foreign markets have also been firm on the finer wools. Mills report sales and production approximately the same as in September and October, and duplicate orders still coming in for the spring season.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

November wholesale lumber trade, in dollar amounts, showed decreases of 16.9 per cent from the prior month and of 11.5 per cent from November, 1925, only five of a total of twenty-four reporting concerns recording increased sales over October and six over a year ago. Aggregate retail sales of one hundred two yards, while falling 19.6 per cent below those for October, were 10.4 per cent heavier than in November, 1925. The ratio of accounts outstanding to sales for wholesale dealers rose to 133 per cent, as against 119 for October and 128 a year ago. The corresponding ratio for retail dealers stood at 329, as compared with 289 in the preceding month and 352 in November, 1925. Both wholesale and retail firms report a further net reduction in stocks; individually, about one-half showed definite reductions, one-fifth recorded increases, and the remainder reported no appreciable change. Because of heavy snows in the north which have made logging difficult, production has been lighter than usual at this season.

Production in the cement industry is reported to be considerably above the demand; November output, while

showing a reduction from the preceding month, was heavier than in November a year ago. Stocks, meantime, increased in both comparisons. Shipments were larger than a year ago, but declined seasonally from October.

In the brick industry, shipments during November were lower than in October and likewise less than a year ago, weather conditions interfering with both production and forwardings.

Building Construction—Contracts awarded in the Seventh district during November amounted to \$114,455,844, an increase of 48.6 per cent over November, 1925, and of 5.1 per cent over the preceding month. Residential contracts, which on the whole have averaged lower during 1926 than 1925, showed a gain of 41.1 per cent over November, 1925, and of 10.8 per cent over October this year. Permits issued during the month numbered 31.2 per cent fewer than for October and 0.9 per cent more than for a year ago. The estimated cost of new buildings on these permits is one-third lower than in the preceding month, and 10.7 per cent under the figure for November, 1925.

MERCHANDISING CONDITIONS

Wholesale Trade—All five reporting lines of wholesale trade in the Seventh district reported declines in November sales as compared with October, but increases over November a year ago. Stocks increased in both comparisons for hardware and drugs, but were smaller for dry goods and shoes; groceries showed inventories larger than for a month previous but less than on November 30 last year.

Groceries—Three-fourths of the reporting grocery firms registered declines in sales from October, and two-fifths fell below November, 1925. Sales for November amounted to 4.7 per cent less than in the prior month, and 3.7 per cent above a year ago. Stocks increased 1.5 per cent over October, but were 7.3 per cent under the corresponding month last year. Collections declined 3.8 per cent from October, and 1.3 per cent from November, 1925, while outstanding accounts increased 0.4 per cent in the monthly comparison, but were 3.1 per cent below last year.

Hardware—Aggregate sales by seventeen hardware dealers dropped 10.0 per cent below those for October, only four increases being reported. All but two of the firms showed gains over November a year ago, with the total

4.7 per cent greater. The majority indicated smaller collections and receivables than for the preceding month, but larger than a year ago. Inventories were 4.1 per cent heavier than on October 31, and 1.2 per cent ahead of November 30, 1925.

Dry Goods—Almost without exception, November sales, stocks, and accounts receivable were lower than for October. Collections increased by 18.8 per cent. As compared with November of last year, there were declines in all items except sales.

Drugs—November sales of reporting drug dealers were 10.6 per cent above November, 1925, but 1.6 per cent below the preceding month. Stocks increased slightly in both comparisons. Collections were 13.9 per cent larger than last year, though 2.9 per cent under October. Accounts outstanding declined 4.9 per cent from a year ago; they were slightly larger than in the prior month.

Shoes—Declines from October were indicated in sales, stocks, outstanding accounts, and collections. Increases over last year took place in all items except stocks, which declined 1.2 per cent. Sales totaled 14.4 per cent below the preceding month and 18.4 per cent more than a year ago.

Department Store Trade—The month of November witnessed an increase of 9.0 per cent in aggregate sales of reporting department stores over the corresponding month of 1925. As compared with the preceding month, this item declined 2.3 per cent, making the third November since the collection of these figures was begun in 1919 that the October volume has not been maintained. November sales represented 32.6 per cent of average stocks for the month, as compared with 31.4 for a year ago; cumulative sales for the eleven months of the year amounted to 343.6 per cent of average stocks, as against 328.9 per cent for the same period of 1925. Unfilled orders for new goods declined from 8.7 per cent of total 1925 purchases at the end of October to 6.3 per cent on November 30. Collections during November amounted to 38.1 per cent of receivables on the books October 31, as compared with 41.8 per cent in 1925. Inventories changed little from October 31; they increased by 1.1 per cent over those of a year ago, owing to gains in a comparatively small number of stores as the majority showed declines.

Retail Furniture Trade—Combined sales of furniture, furnishings, and equipment during November by twenty-seven department stores and thirty-three furniture retailers aggregated 10.7 per cent less than in October, but 3.8 per cent above November a year ago. Inventories at the end of the month for thirty firms totaled 2.3 per cent larger than on October 31 and increased 7.5 per cent over November 30,

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1919 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Nov. Firms 1926	Oct. 1926	Nov. 1925	Oct. 1925
Meat Packing—(U. S.)—				
Sales (in dollars)	62	112.3	121.4	105.9
Casting Foundries				
Shipments (in dollars)	27	60.2	67.7	64.6
Stoves and Furnaces				
Shipments (in dollars)	14	142.4	189.6	105.0
Agricultural Machinery & Equipment—(U. S.) ¹				
Domestic Sales (in dollars)	113	65.7	83.1	77.7
Exports (in dollars)	72	131.1	101.9	109.8
Total Sales (in dollars)	113	76.0	86.0	83.9
Production	109	119.9	127.9	121.1
Agricultural Pumps—(U. S.) ¹				
Shipments (in dollars)	19	94.0	94.8	101.0
Furniture ²				
Orders (in dollars)	20	149.3	140.5	156.8
Shipments (in dollars)	20	160.3	183.8	151.3
Shoes ³				
Production (in pairs)	34	116.6	121.9	105.5
Shipments (in pairs)	34	110.8	128.7	99.3
Electric Energy				
Output of Plants (KWH)	8	211.7	215.5	192.3
Industrial Sales (KWH)	8	229.8	256.7	214.5
Flour				
Production (in bbls.)	35	108.3	110.7	103.5
Output of Butter by Creameries ⁴				
Production	77	78.0	89.6	74.3
Sales	77	82.5	90.0	80.0
Automobiles				
Distribution in Middle West ¹				
New cars—Wholesale—Number sold..	34	62.7	81.5	86.7
Value	34	52.0	74.9	73.5
New cars—Retail—Number sold..	52	52.6	68.4	82.2
Value	52	60.5	74.0	80.4
New cars—On hand—Number	45	121.8	114.6	86.1
Value	45	115.0	110.9	80.7
Used cars—Number sold..	43	95.0	107.3	98.4
Used cars—On hand—Number	43	131.0	121.6	124.8
Value	43	120.8	120.0	108.4
Production (U. S.): Passenger cars... Trucks				
Freight Carloadings—(U. S.) ¹				
Grain and Grain Products	120.8	137.3	131.7	118.0
Live Stock	108.8	121.9	110.7	128.3
Coal	150.9	139.5	118.1	115.2
Coke	145.8	142.9	174.9	148.2
Forest Products	119.8	126.6	121.4	123.3
Ore	84.5	180.4	87.2	131.7
Merchandise and Miscellaneous	143.2	156.6	142.9	149.6
Total	137.9	149.6	132.2	137.5
Iron and Steel				
Pig Iron Production ⁵				
Illinois and Indiana	142.6	146.4	143.2	133.2
United States	128.8	128.4	120.3	116.4
Steel Ingot Production—(U. S.) ¹				
Unfilled Orders U. S. Steel Corp.	63.5	61.5	76.4	68.5

1925. Accounts outstanding, as reported by twenty-five furniture houses, advanced slightly during the month; they were 21.8 per cent larger than last year. Collections declined 1.6 per cent from October, but exceeded the corresponding figure a year ago by 15.0 per cent. Installment payments for nineteen firms averaged 2.1 per cent below October and gained 17.8 per cent over November, 1925.

Retail Shoe Trade—Although more than half of the reporting firms showed a decreased volume of shoe sales for November as compared with the previous month, total sales were 6.9 per cent larger than for October and 15.3 per cent more than for November, 1925. Aggregate stocks changed but slightly from October and were 3.4 per cent less than a year ago. The ratio of outstanding accounts to sales stood at 86.4 per cent for November, as compared with an October ratio of 76.6 per cent.

Chain Store Trade—Six of the seven chain store systems reporting November sales to this bank, indicated an increasing number of stores in operation throughout recent months. Two drug and one shoe chain had increased sales over those of a year ago, but smaller than for the previous month. Musical instrument dealers reported sales larger than for October, and less than in November, 1925. Gains over last year were shown by two grocery chains; as compared with October, one of these recorded increased and the other lowered sales.

	No. of Nov. Firms 1926	Oct. 1926	Nov. 1925	Oct. 1925
Wholesale Trade—				
Net Sales (in dollars):				
Groceries	41	75.3	80.1	73.0
Hardware	19	103.2	112.4	98.6
Dry Goods	13	85.5	97.0	81.8
Drugs	13	102.8	105.5	98.0
Shoes	10	48.0	56.8	40.6
Retail Trade (Dept. Stores)—				
Net Sales (in dollars):				
Chicago	7	151.7	143.9	134.4
Detroit	4	200.9	210.6	181.5
Des Moines	4	135.3	134.8	127.4
Indianapolis	5	178.5	170.6	159.4
Milwaukee	5	190.6	175.9	166.8
Outside	39	118.3	133.8	117.2
Seventh District	64	167.8	170.1	153.0
Retail Trade—(U. S.)—				
Department Stores	359	156	158	145
Mail Order Houses	4	153	150	144
Chain Stores:				
Grocery	27	347	329	272
Drug	9	198	206	167
Shoe	6	150	158	136
Five and Ten Cent	5	247	257	220
Candy	5	232	227	195
Music	4	146	151	139
Cigar	3	150	162	136
Stamp Tax Collections—⁶				
Sales or Transfers of Capital Stock ¹				
38.8	59.5	119.7	177.6	
Sales of Produce on Exchange— Futures ¹				
74.0	77.4	94.3	94.5	
U. S. Primary Markets—⁸				
Grain Receipts:				
Oats	54.3	69.6	68.9	91.1
Corn	104.8	132.5	89.5	56.9
Wheat	86.2	107.0	101.8	101.3
Grain Shipments:				
Oats	39.3	45.8	64.1	76.3
Corn	57.8	52.3	37.2	40.1
Wheat	66.9	71.7	68.2	73.4
Building Construction—				
Contracts awarded (in dollars):				
Residential	313.4	282.9	222.2	270.6
Total	208.3	198.2	140.1	163.7
Permits:				
Chicago	210.2	240.6	243.2	261.7
Cost.....	314.0	569.4	381.7	355.0
Indianapolis	163.3	262.0	144.9	242.4
Cost.....	129.7	215.0	253.4	229.4
Des Moines	80.4	155.9	114.7	167.6
Cost.....	43.7	133.5	58.9	91.3
Detroit	145.8	203.9	136.7	212.9
Cost.....	207.9	202.9	198.4	195.6
Milwaukee	173.0	255.0	178.5	206.1
Cost.....	131.5	206.7	172.6	168.4
Others (45)	154.7	237.1	153.1	230.7
Cost.....	148.0	207.9	143.8	219.2
Fifty Cities	160.3	234.4	160.1	223.5
Cost.....	212.9	321.4	239.0	251.4

1. Monthly average 1923-24-25=100; 2. Monthly average 1919-20-21=100; 3. Monthly average of mean of production and shipments in 1923-24-25=100; 4. Average daily production; 5. First Illinois internal revenue district; 6. Monthly average receipts 1923-24-25=100.

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